



# FEED GRAIN PROGRAM - 1972

SIGN-UP DATES JANUARY 17 TO FEBRUARY 25

COOPERATIVE EXTENSION SERVICE  
THE OHIO STATE UNIVERSITY

1972 VOLUNTARY FEED GRAIN PROGRAM  
by  
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(Items marked ► are significantly different from 1971 regulations)

► 1. What are the purposes of the 1972 feed grain program?

The voluntary feed grain set-aside program is designed to: a) raise farm income, b) reduce carryover stocks, and c) provide farmers wider latitude in deciding the cropping pattern on their farm. The 1972 acreage goal is to have 38 million acres set aside compared to 18.2 million in 1971.

► 2. What changes were made in the program for 1972?

The major changes are: a) barley is again a feed grain, b) minimum set-aside for feed grains will be 25 percent of the base (20 percent last year), c) the support payment was raised to 40 cents per bushel (32 cents in 1971) on the farm yield of half the base, d) soybeans to be harvested for beans will be considered as feed grains for retention of the feed grain base, e) an additional set-aside (option 1) is permitted from 1 to 10 percent of the corn-sorghum base and to 20 percent of the barley base with f) diversion payment for corn on this portion at 52 cents per bushel times the farm yield per acre. Farmers may offer, g) another 5 or 10 percent set-aside (option 2) with payment at 52 cents per bushel times the farm yields. If needed to attain the objectives the second option will be accepted after mid-March.

► 3. How big is the feed grain carryover?

The carryover October 1, 1971 was 34 million tons. The carryover October 1, 1972 is expected to be about 55 million tons.

4. How long will the feed grain program be in effect?

The Agricultural Act of 1970 provides for a voluntary feed grain program applicable for the next two crop years. This publication covers provisions for the 1972 crop.

► 5. What major points should farmers consider in deciding to participate or not to participate in the program?

Farmers will want to make their decision based on the following factors: a) applicable feed grain base, b) maintaining the feed grain base, c) support payment for corn and grain sorghum, d) eligibility for price support loans, e) conserving uses to which set-aside acreage must be devoted, f) maintaining the normal conserving base acreage, g) expected yields, prices and net farm income, h) substituting wheat and feed grain acreage, or planting soybeans to retain the feed grain base or wheat allotment, i) other factors affecting the farming operation, j) personal values.

► 6. What is required for participation in the program?

Participation will be based on four actions: a) sign up - scheduled for January 17 through February 25, 1972, b) set-aside of a percentage of feed grain base, c) maintaining conserving base acreage, d) certification of acreage.

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Prepared December 7, 1971. Changes in regulations may occur that would change some of the answers.

7. Is it necessary to plant feed grains to participate in the program?

No, it is not necessary to plant feed grains to receive payment as a participant. However, farms which plant less than 45 percent of their feed grain base in 1972 will have their 1973 base reduced by the amount of underplanting up to 20 percent of the base. If no feed grain or authorized substitute (wheat above the farm wheat allotment or soybeans) was planted for three consecutive years, the entire feed grain base will be lost from the farm.

8. What will participants receive?

Participants are eligible to a) receive support payments, b) take out loans on all the corn they produce, and c) receive diversion payment if additional acreage is set aside.

#### FEED GRAIN BASE

9. What is the feed grain base?

The feed grain base is the average acreage which was devoted to corn, barley and grain sorghum in the crop years 1959-60 adjusted. Sweet sorghum for silage was included in the base and is included in determining compliance. Popcorn and sweet corn for human consumption are excluded from the base and in determining compliance.

NOTE: THERE ARE LIMITED ACRES OF SORGHUM AND BARLEY GROWN IN OHIO; THE REFERENCE TO THESE CROPS IS OFTEN OMITTED FROM HERE ON. ANYONE GROWING BARLEY AND SORGHUM MUST REMEMBER TO INCLUDE IT.

10. What if I am not satisfied with my adjusted feed grain base, conserving base, or projected yield?

You can appeal to the local A.S.C.S. committee within 15 days after receiving notification of the feed grain base. Evidence presented on acreage, yields, sales, etc. are helpful. County A.S.C.S. committee decisions can be appealed to the state A.S.C.S. committee.

11. How does the set-aside feature work?

The feed grain base under the set-aside program does not limit the acreage planted to corn, barley, and grain sorghum. The base will be used to determine the number of acres to be set aside from crop production to conserving uses to qualify for program payment.

Farmer A has a 1972 feed grain base of 100 acres. The minimum set-aside is 25 acres. He can grow any combination of corn, barley, sorghum, wheat and soybeans, or other crops except tobacco. He may choose to grow all soybeans and no corn, substituting soybeans to protect his feed grain base.

12. Can wheat be substituted for feed grain or feed grain for wheat?

Wheat may be substituted for corn to count toward the retention of the feed grain base if it exceeds the domestic wheat allotment. Corn planted in excess of 50 percent of the feed grain base may substitute for wheat in maintaining the wheat allotment.

Farmer A has a 1972 wheat allotment of 20 acres and a feed grain base of 100 acres. He planted 30 acres of wheat. Ten acres of wheat can be counted as feed grain and along with 35 acres planted to corn will maintain his feed grain base. If he didn't plant wheat and wishes to maintain his wheat allotment, corn acreage in excess of 50 acres can be counted as wheat to maintain his wheat allotment.

- 13. Can soybeans be substituted for corn or wheat to retain the feed grain base or wheat allotment?

Yes, soybeans are authorized substitutes to protect the feed grain base or wheat allotment for 1972.

- 14. Does a farmer need to do anything else to receive benefits?

The participant needs to plan for not only a minimum of 25 percent set-aside but also maintain his conserving base. A participant then is eligible for support payments on a maximum of 50% of the feed grain base acreage, commodity loans, and if additional acreage is diverted payments on those acres.

#### CONSERVING BASE

15. What is the conserving base?

It is the average acreage devoted to conserving crops in 1959 and 1960 as adjusted.

- 16. Are the acres to be set aside in addition to the conserving base?

Yes, the acreage removed from crop production in 1972 must be set aside to conserving uses above (or in addition to) the 1972 conserving base.

Farmer B has a feed grain base of 40 acres and a 1972 conserving base of 30 acres. He chooses to participate in the program. He must set aside 10 acres on which conserving uses are carried out and have a total of 40 acres in conserving use. No crops may be harvested on the 10 acres set aside. (See Question 18)

17. What conserving uses are possible on the set-aside acres?

A.S.C.S. committee approved conserving uses may vary from county to county by generally include: a) permanent-type cover of grasses and legumes, b) temporary cover of grasses or legumes, c) wildlife food or habitat planting (check with county office), d) trees and shrubs for forestry purposes, e) clean tillage to control noxious weeds, with prior approval of the county A.S.C.S. committee.

18. May the acres set aside to conserving uses be harvested or grazed?

No crop can be harvested from set-aside acres from January 1, 1972 through December 31, 1972. Grazing is permitted on set-aside acres to March 31 and after September 1, 1972.

19. Can I break out non-cropland?

Yes, however all of the non-cropland acreage broken out will represent an increase in the conserving base.

## SUPPORT LOANS OR PURCHASES

► 20. What is the loan rate for the 1972 feed grain crop?

The national average loan or purchase rate for participants will be \$1.08 (No. 2 basis) per bushel on corn, 86¢ per bushel for barley, \$1.79 per cwt. on grain sorghum. Participants complying with the regulations can receive a CCC loan on all the corn they produce.

21. What loan or purchase price can I expect in Ohio for my corn crop?

In Ohio, the county loan or purchase rate for participants will probably average \$1.13 per bushel and vary by counties from about \$1.08 to about \$1.20 per bushel for the 1972 crop.

22. What will be the "net farm price" of corn placed under loan or purchase in off-farm storage?

The "net farm price" of corn is the county loan rate (\$1.13 average in Ohio) minus the additional costs necessary to condition and handle the corn for off-farm storage. These charges are between farmers and warehousemen and will vary by area and warehouse.

23. Can non-participants receive a price-support loan on soybeans?

Yes, all producers of 1972 soybeans are eligible for loans.

## SUPPORT PAYMENTS

► 24. How does the support payment work?

The corn support payment amounts to a minimum of 40 cents per bushel (can be increased) on the farm yield from half the corn base. A national average of \$1.35 a bushel on the production from half the farm's corn base is guaranteed. Support payments will be the larger of a) the difference between 70 percent of parity and the national average price received by farmers during the first five months of the market year, b) the guarantee of \$1.35 per bushel but c) not less than 40 cents per bushel. To calculate the lowest support payment multiply half the feed grain base times the farm yield times the payment per bushel.

Farmer A signs up in the program with a feed grain base of 100 acres. He sets aside to conserving uses 25 acres. The projected yield is 90 bushels per acre. His support payment would amount to \$1800 (100 acres x 50% = 50 acres x 90 bushels = 4,500 bushels x 40¢ per bushel = \$1,800).

► 25. How is the additional set-aside payment calculated?

Diversion payments on both the additional 10 percent set-aside (option 1) or another 5-10 percent set aside (option 2) will be 52 cents per bushel times the farm yield on each additional acre set aside.

Farmer A sets aside 10 additional acres (option 1) to conserving uses. His payment will be \$468.00 (90 bushels x 52¢ = \$46.80 per acre x 10 acres = \$468.00). Option 2 is calculated in the same manner.

26. Do I need to take out a loan to receive the support payment?

No, the support payment is paid to all participants whether corn is grown or not, is fed on the farm, marketed through normal channels, or placed under loan. The support payment can be considered a form of crop insurance.

▶ 27. When will payments be made?

Payments for both the required set-aside and optional set-aside will be made to farmers as soon after July 1 as possible.

OTHER CONSIDERATIONS

▶ 28. What will be the market price for the 1972 corn crop?

This depends upon 1972 production, carryover, total demand including exports, and participation in the program. Current government policy is to encourage 38 million acres to be set-aside (18 million in 1971), to move to a market economy, and to reduce the role of CCC in the market. Prices may show more fluctuation than in past years. The market price should be around the \$1.13 support price level.

29. Can a participating farmer plant fall-seeded small grain in 1972 on the set-aside acreage?

Yes, the 1972 feed grain program applies to crops harvested in 1972; the fall-seeded grain will be harvested in 1973.

30. What if a landlord owns more than one farm and exceeds the feed grain base acreage on one of his farms?

There is no problem if the feed grain acreage is exceeded on any farm owned by a landlord. Each farm stands on its own and is considered separately.

31. Does a tenant farming a number of farms have to comply with all the corn bases on all farms?

No, the same rule applies to tenants as to landlords. (Question 30)

32. How will payments be divided among landlords and tenants?

Support payments will be divided in the same manner as the crop. Upon request of the landlord and tenant, a different division may be agreed to.

33. Can a livestock producer participate in the program?

Yes, provided he signs up for the program. The additional flexibility provides for more opportunity to benefit from the program. An appeal on the conserving base must be made within 15 days of the notification (ASCS 516-1 notice form). Livestock farmers who have not participated under previous programs may want to consider appeals to county committees for adjustment of conserving base acreage. Livestock producers should remember they cannot harvest hay or silages from the set-aside acreage but it may be grazed after September 1.

34. How can I determine whether I should participate in the program?

There are many factors to consider and no single answer can be given. An illustrative method follows which may be useful in determining the income possibilities on your farm.

ASSUMPTIONS:

FARM EXAMPLE

1. Farm has a corn base of 200 acres.
2. A "projected" yield of 100 bushels of corn per acre has been established for the farm.
3. An actual yield of 100 bushels of corn per acre will be harvested on this farm in 1972.
4. Open market corn price is estimated at \$1.10 per bu. for the 1972 crop.
5. The county loan price for Ohio on the 1972 crop will average \$1.13 per bushel (national loan is \$1.08).
6. Approved storage facilities are available on the farm to handle 20,000 bu. of corn.
7. Actual yields of 30 bushels of soybeans per acre will be harvested in 1972.
8. The open market price of soybeans is estimated at \$2.75 per bu. (support level is \$2.25).

1972 Land Use and Cropping Program for a 450 Acre Ohio Farm (Examples show no participation, 25% set-aside with the same amount of corn, maximum corn, and maximum soybeans.

Crop or Land Use	Non Participant (Acres)	25% Set-Aside; Grow Wheat			My Farm (Acres)
		Participation (Acres)	Maximum Corn (Acres)	Maximum Soybeans (Acres)	
Corn	200	200	300	0	_____
Wheat (Farm allotment) <sup>a/</sup>	50	50	50	50	_____
Soybeans	150	100	0	300	_____
Hay (Conserving base)	40	40	40	40	_____
Set-aside <sup>b/</sup>	0	50	50	50	_____
Buildings, roads, etc.	10	10	10	10	_____
TOTAL ACRES IN FARM	450	450	450	450	_____

Partial budget for the farm - Corn and Soybeans Only  
(Fixed costs, land, and labor excluded)

Cash Receipts:					
Corn open market @\$1.10 per bu. <sup>c/</sup>	\$22,000	\$22,000	\$33,000	None	_____
Support payment <sup>d/</sup>	None	4,000	4,000	\$4,000	_____
Soybeans, open market @\$2.75 per bu. <sup>e/</sup>	12,375	8,250	None	24,750	_____
Wheat	Constant	Constant	Constant	Constant	_____
TOTAL	\$34,375	\$34,250	\$37,000	\$28,750	_____



# Variable Cash Expenses

Crop or Land Use	Participant (Acres)	Participation (Acres)	25% Set-Aside; Grow Wheat		My Farm (Acres)
			Maximum Corn (Acres)	Maximum Soybeans (Acres)	
Corn:					
Fertilizer and lime @ \$21.00/Ac.	\$ 4,200	\$ 4,200	\$ 6,300	None	_____
Seed @ \$7.00/Ac.	1,400	1,400	2,100	None	_____
Chemicals @ \$3.00/Ac.	600	600	900	None	_____
Tractor Use @ \$5.00/Ac.	1,000	1,000	1,500	None	_____
Machinery Use @ \$15.00/Ac.	3,000	3,000	4,500	None	_____
Handling and drying @ \$.20/bu.	4,000	4,000	6,000	None	_____
Repairs & miscellaneous @ \$2.50/Ac.	500	500	750	None	_____
Soybeans:					
Fertilizer and lime @ \$6.00/Ac.	\$ 900	\$ 600	None	\$ 1,800	_____
Seed @ \$4.50/Ac.	675	450	None	1,350	_____
Chemicals @ \$4.00/Ac.	600	400	None	1,200	_____
Tractor Use @ \$4.00/Ac.	600	400	None	1,200	_____
Machinery Use @ \$8.00/Ac.	1,200	800	None	2,400	_____
Handling @ \$.10/bu.	450	300	None	900	_____
Miscellaneous exp. @ \$2.00/Ac.	300	200	None	600	_____
Weed control & seeding on set aside acres @ \$6.00/Ac.	None	300	300	300	_____
TOTAL	\$19,425	\$18,150	\$22,350	\$ 9,750	_____
Cash receipts less Variable Expenses	14,950	16,100	14,650	19,000	_____

a/ Either corn or soybeans may be substituted for wheat.

b/ Based on 25 percent set-aside. An additional set-aside can be calculated. See Question 25, but was not in these examples.

c/ Based on 100 bushels (actual yield) x acres x \$1.10 per bushel.

d/ One-half the feed grain base (200 acres ÷ 2 = 100) x farm yield (100 bu.) x payment (40¢/bu.).

e/ Based on 30 bushels (actual yield) x acres x \$2.75 per bushel.

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